



WISCONSIN STATE REPRESENTATIVE

Jennifer Shilling

95TH ASSEMBLY DISTRICT

Testimony in support of AB 509
Assembly Committee on Colleges and Universities
October 21, 2009

Good morning Chairman Hixson and members of the Assembly Colleges and Universities Committee. Thank you for holding a public hearing on this bill.

Under current law, if a technical college district board intends to make a capital expenditure in excess of \$1,500,000 - excluding moneys received from gifts, grants or federal funds - the board has to adopt a resolution, identify the anticipated source of revenue for each project, and submit the resolution to the electors of the district for approval.

Having this referendum requirement in place provides an opportunity for the residents of the technical college district to have their voices heard regarding the use of property tax revenue.

Assembly Bill 509 would allow a technical college district board to subtract the amount of student housing fee revenue it receives toward the purchase or construction of a student housing facility when determining whether a referendum is required for approval to purchase or construct the student housing facility.

This legislation does not undermine the property taxpayer oversight process; rather, it clarifies that if a technical college uses revenue from student housing fees to pay for the purchase or construction of a student housing facility, instead of revenue from property taxes, then the corresponding student housing fee revenue should not count toward the referendum requirement.

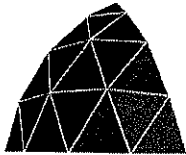
In the case of Western Technical College in La Crosse, the former residence hall was torn down to allow for construction of the Health Science Consortium building. Since that time, WTC student housing has been provided by leasing an old hotel. On April 28th, the WTC Board approved the final lease agreement on a new \$10 million residence hall with a private developer, with students being able to move into the facility in the fall of 2010.

Western Technical College intends to use student housing fee revenue to purchase, rather than lease, the new residence hall, thereby reducing the costs for the college and for students. This proposal has strong support from the Western community, including the students, as well as the City of La Crosse.

While Western Technical College is the only technical college district that intends to use the authority provided by this legislation in the near future, other district administrators are supportive of this measure and have indicated that this authority could be useful in the future.

Thank you for your time, and I appreciate your support of AB 509.





WISCONSIN TECHNICAL COLLEGE DISTRICT BOARDS ASSOCIATION

Testimony Supporting AB 509 **Exempting Residence Hall Revenue from Capital Project Limits**

Assembly Colleges and Universities Committee
Representative Kim Hixson, Chairman

October 21, 2009

Chairman Hixson and Members of the Committee,

I'm writing in support of AB 509 on behalf of Wisconsin Technical College District Boards, the local governing bodies of our sixteen technical colleges. I am sorry that I'm not able to join you in person because of previous travel commitments, but appreciate the opportunity to submit written testimony.

AB 509 provides important flexibility to technical college districts that promotes taxpayers' best interests while continuing to assure solid accountability in capital project development. While only Western Technical College intends to use the bill's authority in the immediate future, this bill is of interest to and is supported by other colleges.

Under this bill, Western Technical College could purchase a new residence hall being developed to replace antiquated and less safe student housing. Because the bill allows student lease payments to pay off the debt incurred for this project, the college would not use taxpayer funds to do so. This project is being built on land formerly occupied by student housing that the City, Western, and others uniformly agree was rapidly becoming unsuitable as safe and healthy housing.

Western has worked with the City of La Crosse and other key partners in developing this and other projects. Several years ago, Western, UW La Crosse, Viterbo University, and two major health care networks partnered to create a unique medical health care and training facility through the La Crosse Medical Health Science Consortium. Western gave up its former residence hall location to make that project a reality. Since then, the college has leased residence hall space in what was once a motel. According to Western, this is no suitable space as a residence hall.

AB 509 testimony

October 21, 2009

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In addition to community input and support, Western's residence hall project has been carefully reviewed and approved by the Western District Board and the Wisconsin Technical College System staff and Board. These detailed review and multi-step approval processes assure every college building project meets codes and state law for public buildings, is appropriately designed and functional, and is a solid investment and value for taxpayers, among many other considerations.

As part of this accountable capital projects model, we also support seeking direct taxpayer approval for individual projects that involve a significant investment (greater than \$1.5 million) of taxpayer funding. Western's project, and any other student residence hall developed in the future under the authority created by AB 509, will preserve the requirement that a project making such a significant taxpayer investment be approved by referendum. As a project fully supported instead by student residence hall lease revenue, we support this flexibility and AB 509.

Thank you for your consideration.

Paul Gabriel
Executive Director

November 2, 2009

Dear Dr. Lee Rasch,

The students of Western would like to express our support for the College's lead in changing the law regarding capital expenditures of technical college residence facilities (LRB-3496/3).

We recognize that this action will allow the college to acquire the facility with no cost to the taxpayer. If the bill does not pass, the City of La Crosse indicates the residence hall may be subject to property taxes. Plus, the lease agreement cost would be transferred to the student rental fees- making the cost overwhelmingly burdensome for some students.

We appreciate that Western is looking after the best interest of students by pushing for this resolution that will ultimately reduce the cost of education for those students that participate in the 'Essential Experience' of living in the residence hall. Based on the 160 students already on the wait list for fall 2010, this must be viewed as a preferred housing option for students. This is a sure sign that Western is doing their best to fulfill an unmet need.

We also recognize that Western's pledge of reducing the campuses' greenhouse emissions by signing the 'American College and University President's Climate Commitment', and commend the efforts in meeting the U.S. Green Building Council's LEED Silver standard or equivalent, with the new residence hall. We hope this letter of support from Student Government will assist in meeting project goals, and help in gaining support from legislators throughout the state.

Sincerely,

Western Student Government

Tim Hyma
Student President

Claude Lane
Student Vice President

Vicky Brenes
Student Governor

Sandy Schultz
Student LT Governor

Jenny Hoeth
Student Parliamentarian

Stacy-Ann Gillespie
Treasurer

Tyler Walter
Secretary

Josh Blakeley
Historian

Sarah Locke
Public Relations



**Testimony on AB 509
Assembly Colleges and Universities Committee
October 21, 2009**

**Morna Foy
Executive Assistant**

I would like to thank Chairman Hixson and the members of the Committee for this opportunity to comment on AB 509, a proposal to permit program revenue funding of technical college residence halls.

Under current law, a Technical College may make a capital expenditure of \$1.5 million to purchase or construct a facility. This expenditure authority applies to each single campus site over a two-year period. A capital expenditure greater than \$1.5 million made to purchase or construct a facility must be approved by public referendum. Pursuant to s. 38.04(10) Stats., all technical college facility projects must be approved by the local technical college District Board and the Wisconsin Technical College System Board.

As outlined in Administrative Code, the State Board considers a number of factors when reviewing technical college district facility development proposals, including:

- the need for the proposed facility;
- the design of the facility and how the allocation of space relates to the documented need;
- the reasonableness of the project cost;
- the environmental impact of the proposed facility;
- the energy efficiency and sustainability of the proposed facility; and
- the financial impact of the proposed facility.

In the case of a student residence hall project, the demonstrated need would include documented, unmet student demand. The reasonableness of the project cost would include a comparison of similar housing rental capital projects within the geographic area. The financial impact analysis would include an analysis of the reasonableness of the projected student housing payment revenue and the anticipated student housing rental rates, based on a survey of the existing student housing market.

For any facility development project over \$1.5 million, the State Board uses a more rigorous, two-phased review process beginning with a Project Concept Review. This initial review considers the project at its conceptual stage with the primary focus on the need for the facility. While a limited amount of design and construction detail may be available at this stage, the Concept Review can identify areas of concern and factors the State Board would like the district to address in subsequent planning and development of the project. These issues, if any, are a focus of the second phase of the State Board review process. Following this additional review, a project must receive final State Board approval before a purchase or construction can begin.

AB 509, if enacted, would allow a Technical College to make a capital expenditure exceeding \$1.5 million to purchase or construct a student residence facility without public referendum approval, as long as the cost of the project is funded with student housing payments. AB 509 would also maintain a technical college's current ability to use up to \$1.5 million in regular capital expenditure authority to fund a student resident hall. However, if a college used this authority for a residence hall it would not be available for other facility projects on that campus for a two-year period.

The Wisconsin Technical College System Board supports passage of AB 509 because it will provide a mechanism for technical colleges to offer safe, appropriate and affordable student housing, if needed, without expanding technical college property tax levy or expenditure authority. In addition, AB 509 ensures appropriate public accountability for these projects by maintaining current local district board and State Board facility oversight and approval requirements.

Thank you for your consideration of this proposal. I would be happy to answer any questions.

THE SSENTIAL EXPERIENCE

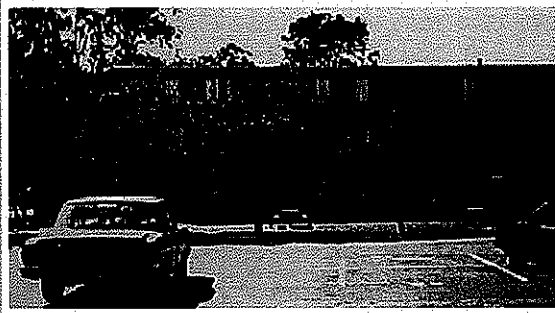
Student Housing at Western

Part of the Essential Experience

Western
Technical College
THE ESSENTIAL EXPERIENCE

THE SSENTIAL EXPERIENCE

History of Student Housing at Western

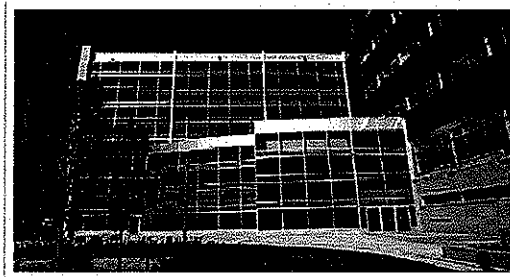


Western has operated non-subsidized student housing for over 30 years, starting with the purchase of its first residence hall on 13th & Badger Street in 1977 (served roughly 110 students).

Submitted by
Michael Pieper
Western TC
Colleges/Univ. Comm. 10/2/09

THE ESSENTIAL EXPERIENCE

History of Student Housing at Western



In the spring of 1998 Western closed its residence hall in order to provide a site for the new Health Science Center on 13th & Badger. The Health Science Center is a State approved project which provides shared space for the University of Wisconsin La Crosse, Viterbo University, Western Technical College, Gundersen Lutheran Healthcare and Franciscan Skemp Mayo Health System.

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History of Student Housing at Western



In August 1998, Western entered into a temporary lease for use of the Ivy Motel (serves roughly 104 students). Western's lease of the Ivy Motel will expire on August 16, 2010.

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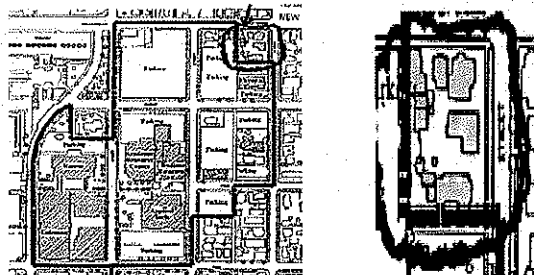
Future of Student Housing at Western



Construction has begun on a new residence hall that will serve 200. It is located adjacent to the La Crosse campus and will open in the Fall of 2010.

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Future of Student Housing at Western



Location

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Future of Student Housing at Western

- Construct a new residence hall adjacent to the La Crosse campus
- Allows students to walk to class
- Allows students to have free access to La Crosse's Municipal Transit System
- Utilization of existing open air parking lots
- Expands student life opportunities
- Provides safe and secure housing option
- Supports neighborhood revitalization

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Residence Hall Students at Western

- Student Retention (semester to semester retention)
 - College Rate = 66.2% Residence Hall Student Rate = 89.9%
- Most Important Factor in Decision to Attend Western
(1= not important and 5 = most important)
 - 3.85
- Residence Hall Students
 - 90% From WI 10% Out of State

* Data collected from 2006-2007 residence hall students

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"Conditional Approval"

Western cannot financially subsidize the residence hall from its general operating fund. Therefore Western residence hall students will carry the burden of all of the costs. The burden on the students/parents would be less if Western could own the facility.

Property taxes will increase the student/parent costs.

The higher cost of capital (interest rate) for the developer as compared to Western will increase the student/parent costs.

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Other Long-Term Benefits of Western Ownership Through "Auxiliary" Bonding

Eliminates the need for a tax-payer supported referendum to purchase the facility.

Creates a new long-term revenue source for Western that will offset current operating costs that are dependent on state aid, property tax and tuition increases.

Protects Western's investment and future investments in the area.

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Questions?

Thank you for your time.

Michael Pieper

Vice President of Finance and Operations

400 7th Street North

La Crosse, WI 54602

(608) 785-9120

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

July 30, 2009

TO: Representative Jennifer Shilling
Room 320 East, State Capitol

FROM: Emily Pope, Fiscal Analyst

SUBJECT: Financing of Recent UW Residence Halls

At your request, I am providing information regarding the financing of residence halls on UW campuses in recent building programs.

Following UW Board of Regents policy, capital costs related to auxiliary enterprises and revenue-generating activities should be funded by user fees. Consistent with this policy, UW residence hall projects are typically financed with program revenue supported borrowing with debt service to be paid by revenue generated from residence hall fees. Certain projects may also be financed in part with cash reserves similarly generated from residence hall fees.

The table below lists the UW residence hall projects that were enumerated as part of the 2005-07, 2007-09, and 2009-11 biennial budgets. All residence hall projects enumerated as part of the 2005-07 and 2007-09 biennial budgets were to be financed entirely by program revenue supported borrowing with debt service to be paid using residence hall fees. Of the residence hall projects enumerated as part of the 2009-11 biennial budget, the Lakeshore residence and food service project at Madison (\$1,688,000 PR) and the residence hall project at La Crosse (\$5,000,000 PR) included some program revenue cash. This cash will be drawn from reserves accumulated from past residence hall fees. Of the total amount enumerated for residence hall projects in that biennium, \$120,859,000 would be program revenue supported borrowing and \$6,688,000 would be program revenue cash.

UW Residence Halls Enumerated as Part of the Biennial Budget, 2005-07 to 2009-11

<u>Project</u>	<u>Campus</u>	<u>Enumeration</u>
2005-07 Biennium		
Purchase of Facilities at 21 and 35 N. Park Street*	Madison	\$46,832,200
Purchase of Residence Hall (West of Longhorn Drive)	Platteville	20,000,000
Sayles Residence Hall Renovation	Whitewater	<u>6,821,000</u>
Subtotal		\$73,653,200
2007-09 Biennium		
Chadbourne Residence Hall -- Phase 3 and Barnard Residence Hall	Madison	\$14,627,000
Suite Style Residence Hall	Oshkosh	34,000,000
Suite Style Residence Hall	Parkside	17,740,000
George Fields South Forks Residence Hall Addition	River Falls	14,714,000
Suite Style Residence Hall	Stevens Point	36,205,000
Residence Halls Renovation	Stevens Point	19,995,000
Suite Style Residence Hall	Whitewater	<u>35,728,000</u>
Subtotal		\$173,009,000
2009-11 Biennium		
Residence Hall	La Crosse	\$49,500,000
Lakeshore Residence Hall and Food Service*	Madison	59,463,000
Residence Hall Upgrades	Platteville	10,000,000
Fisher and Wellers Halls Renovation	Whitewater	<u>8,584,000</u>
Subtotal		\$127,547,000

*Project included parking or food service facilities.

I hope this information is helpful. Please contact me if you have any additional questions.

EEP/le

Western
Technical College
THE ESSENTIAL EXPERIENCE

From: Rasch, Lee
Sent: Monday, June 22, 2009 8:54 AM
To: Barbara Prindiville ; Bettsey Barhorst ; Bob Meyer ; Bruce Barker; Bryan Albrecht ; Clancy, Dan ; Clark, Dr. John; Hytrek Gayle; Jeffrey Rafn; Knox, Dr. Karen R.; Lanser, Michael; Larson, Dr. Eric A.; Lorbetske Dr. Adrian ; Lori Weyers ; Susan May; Vicki Martin
Subject: **Western's Effort at Passing Legislation**

Colleagues:

At the recent Presidents Association meeting, I had planned to share this information as part of the roundtable discussion. Due to the time constraints, we were not able to do the roundtable. So, with my apology to you for using email, I would like to share some information regarding a legislative effort that could affect some districts (hopefully positively) now or in the future.

As you may know, Western has entered into a lease agreement with a private developer to construct a new residence hall. It will be a \$9 million facility, housing 200 students. This new facility will allow us to vacate our current leased residence hall (an older building that houses 100 students). The lease agreement for the new facility has a buy-out clause should the college approve a referendum, or receive the funding authority through special legislation. Both facilities (new and old) are considered taxable properties. The added cost due to the property tax, for the most part, is covered by the resident student fees.

Western is seeking to pass legislation that would allow technical colleges to build or purchase a student residence hall using the revenue from student fees. The intent would be to mirror, as much as possible, the same authority that exists within the University of Wisconsin System, as applied to student residence halls. Such legislation would authorize the issuance of general revenue bonds which would be retired through student fee payments. This legislation would allow the Western to assume ownership of the facility without cost to property taxpayers (as would be the case through a referendum approved acquisition). Furthermore, this legislation would allow us to reduce student fees once the facility becomes a tax-exempt entity. As proposed, the legislation would apply to all technical colleges in Wisconsin.

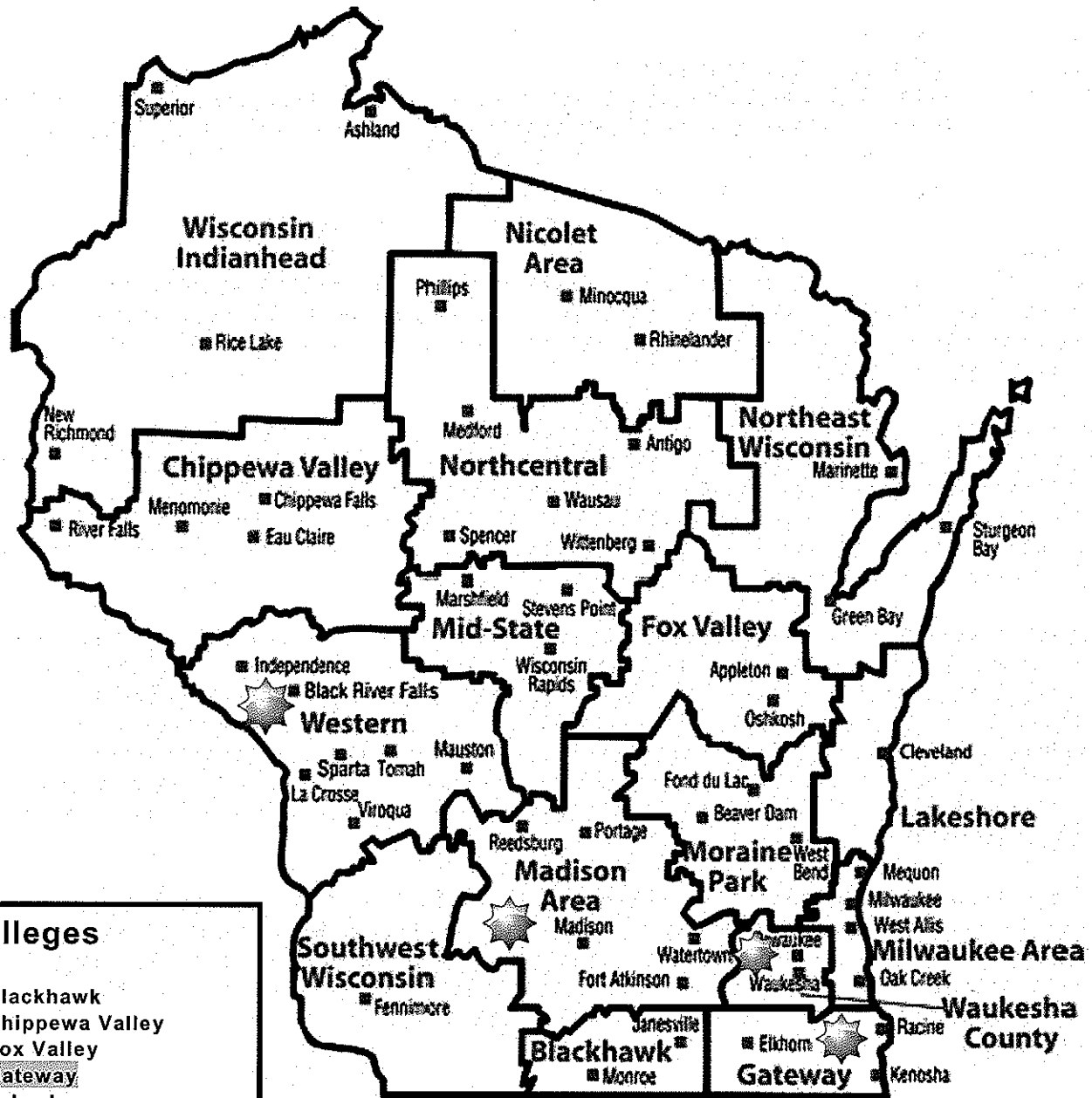
We have met with leaders in the System office and with Paul Gabriel to discuss this action. With the focus limited to residence halls, they have indicated that they support taking the next steps. We will begin meeting with area legislators in early July in order to draft the proposed legislation. It is our goal, over the course of the summer, to meet with the nine legislators that represent portions of the Western Technical College District to seek bipartisan co-sponsorship for the bill. Progress regarding the bill will be shared with other districts. Hopefully, the bill would be introduced in the fall of 2009.

We are aware that some districts have explored the possibility of establishing a residence hall. Others may wish to include them in their long range plan. In that regard, this legislation may be helpful. Furthermore, Western is willing to share market research and student performance data with any district that has an interest. Western has over 30 years experience operating a residence hall.

Once again, I apologize for the email correspondence. I would have preferred the opportunity for some face-to-face discussion. Nonetheless, please contact me if you have any comments or questions.



**WISCONSIN
TECHNICAL COLLEGE
SYSTEM**



Colleges

- Blackhawk
- Chippewa Valley
- Fox Valley
- Gateway
- Lakeshore
- Madison Area
- Mid-State
- Milwaukee Area
- Moraine Park
- Nicolet Area
- Northcentral
- Northeast Wisconsin
- Southwest Wisconsin
- Waukesha County
- Western
- Wisconsin Indianhead